

**RULES
OF
THE TENNESSEE REAL ESTATE COMMISSION**

**CHAPTER 1260-1
LICENSING**

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1260-1-.01 APPLICATIONS FOR EXAMINATIONS.

- (1) Affiliate Brokers. Applicants for the affiliated brokers examination must follow the procedures published by the testing vendor approved by the Tennessee Real Estate Commission concerning appointments for testing information required, and deadlines for submission of examination applications.
- (2) Brokers. Applications for the brokers examination must follow the procedures published by the testing vendor approved by the Tennessee Real Estate Commission concerning appointments for testing, information required, and deadlines for submission of examination applications.
- (3) An applicant who passes an examination is not necessarily qualified for licensure.
- (4) No person shall be eligible for examination or be considered for licensure unless two (2) years have passed from the date of expiration of probation, parole or conviction, or from the date of release from incarceration, whichever is later in time. This restriction shall apply to all felonies, and to misdemeanors which involve the theft of money, services, or property. An applicant who appears before the Commission requesting licensure and who is denied will not be eligible for reconsideration for six (6) months from the date of denial.

Authority: T.C.A. §§ 62-13-112, 62-13-203, 62-13-301, 62-13-303, and 62-13-312. **Administrative History:** Original rule certified June 7, 1974. Repeal and refiled March 3, 1980; effective April 27, 1980. Repeal and new rule filed April 17, 1985; effective May 17, 1985. Amendment filed September 16, 1987; effective October 31, 1987. Amendment filed November 21, 1988; effective January 5, 1989. Amendment filed June 17, 1991; effective August 11, 1991. Amendment filed July 31, 2006; effective October 14, 2006. Amendment filed December 3, 2007; effective February 16, 2008.

1260-1-.02 EXAMINATIONS

- (1) All examinations are scheduled in advance by the testing vendor which actually administers them. All applicants for examination must comply with the procedures published by the testing vendor approved by the Tennessee Real Estate Commission.
- (2) (a) The minimum passing requirement for licensees shall be determined by the testing vendor and based on a study which will determine the difficulty of each examination question for an entry level licensee and conducted in accordance with the procedures approved by the Tennessee Real Estate Commission.

(Rule 1260-1-.02, continued)

- (b) An applicant may be excused from the “uniform principles of real estate” portion of the examination if he:
 - 1. holds a license in another state and has successfully completed an examination approved by the Tennessee Real Estate Commission; and
 - 2. has attained on the “uniform principles” portion of such examination at least the minimum passing score requirement.
- (3) Any applicant detected cheating during an examination shall forfeit his right to grading of the examination and may be subject to further action by the Commission.
- (4) In case of failure to pass the examination:
 - (a) the unsuccessful applicant will be given a written analysis of his test results; and
 - (b) the unsuccessful applicant must follow reexamination procedures published by the testing service.

Authority: T.C.A. §§62-13-203 and 62-13-304. **Administrative History:** Original rule certified June 7, 1974. Repealed and refiled March 3, 1980; effective April 27, 1980. Amendment filed September 30, 1980; effective December 15, 1980. Amendment filed January 21, 1983; effective February 22, 1983. Amendment filed June 17, 1991; effective August 11, 1991. Amendment filed October 1, 1998; effective December 15, 1998.

1260-1-.03 REPEALED.

Authority: T.C.A. §62-13-203. **Administrative History:** Original rule certified June 7, 1974. Repealed and refiled March 3, 1980; effective April 27, 1980. Repeal by Public Chapter 440; effective July 1, 1985.

1260-1-.04 LICENSES.

- (1) No principal broker shall permit a broker, affiliate broker or time-share salesperson under his supervision to engage in the real estate business unless the broker, affiliate broker or time-share salesperson has been issued a valid license and is covered by an errors and omissions insurance policy.
- (2) Each licensee is individually responsible for satisfying all legal requirements for retention of his license, including, but not limited to, paying appropriate fees; and completing real estate education.
- (3) Each licensee in a firm must obtain any desired change of affiliation or status through the firm's principal broker.
- (4) All Tennessee licensees holding nonresident licenses issued in other states shall file copies of such licenses in the Office of the Tennessee Real Estate Commission and with their principal broker.
- (5) A time-share salesperson shall only participate in time-share transactions when he is affiliated with a firm which is affiliated with a registered time-share project.

Authority: T.C.A. §§62-13-203 and 62-13-102(5). **Administrative History:** Original rule certified June 7, 1974. Repealed and refiled March 3, 1980; effective April 27, 1980. Amendment filed January 21, 1983; effective February 22, 1983. Amendment filed May 11, 1984; effective June 10, 1984. Amendment

(Rule 1260-1-.04, continued)

filed June 17, 1991; effective August 11, 1991. Amendment filed October 1, 1998; effective December 15, 1998.

1260-1-.05 REPEALED

Authority: T.C.A. §§62-13-203 and 62-13-208. **Administrative History:** Original rule certified June 7, 1974. Repealed and refiled March 3, 1980; effective April 27, 1980. Amendment filed January 21, 1983; effective February 22, 1983. Amendment filed May 11, 1984; effective June 10, 1984. Amendment filed June 17, 1991; effective August 11, 1991. Amendment filed March 24, 1994; effective June 7, 1994. Amendment filed December 8, 1999; effective February 21, 2000.

1260-1-.06 REPEALED

Authority: T.C.A. § 62-13-203. **Administrative History:** Original rule certified June 7, 1974. Repealed and refiled March 3, 1980; effective April 27, 1980. Amendment filed January 21, 1983; effective February 22, 1983. Amendment filed October 1, 1998; effective December 15, 1998.

1260-1-.07 REPEALED.

Authority: T.C.A. §62-1311. **Administrative History:** Original rule certified June 7, 1974. Repealed March 3, 1980; effective April 27, 1980.

1260-1-.08 REPEALED.

Authority: T.C.A. §62-1311. **Administrative History:** Original rule certified June 7, 1974. Repealed March 3, 1980; effective April 27, 1980.

1260-1-.09 REPEALED

Authority: T.C.A. §62-1311. **Administrative History:** Original rule certified June 7, 1974. Repealed March 3, 1980; effective April 27, 1980.

1260-1-.10 REPEALED.

Authority: T.C.A. §§62-13-203 and 62-13-208; §6(c), Chapter 810, Public Acts of 1984. **Administrative History:** New rule filed August 27, 1984; effective September 26, 1984. Amendment filed June 17, 1991; effective August 11, 1991. Amendment filed October 1, 1998; effective December 15, 1998.

1260-1-.11 USE OF EDUCATION AND RECOVERY ACCOUNT EARNINGS.

- (1) The Commission may utilize earnings of the real estate education and recovery account (established by T.C.A. §62-13-208) to cover expenses incurred in:
 - (a) The performance of functions authorized by T.C.A. §§62-13-107 and 62-13-108; and
 - (b) The preparation and dissemination of information for the benefit of licensees, including whatever training of Commission members and staff is reasonably necessary to enable them to advise licensees on pertinent subjects. (Such training may entail procurement of publications and materials; attendance at seminars and conferences; et cetera.)
- (2) Without limiting the generality of paragraph (1) of this rule, the Commission may utilize education and recovery account earnings to:
 - (a) Hold or assist in holding seminars concerning regulatory matters and business practices affecting licenses;

(Rule 1260-1-.11, continued)

- (b) Monitor and evaluate approved post-licensing courses in real estate in order to ensure that they are structured and conducted to provide maximum benefit to licensees; and
 - (c) Publish and distribute a newsletter containing information of interest to licensees.
- (3) This rule shall not be construed to:
 - (a) Authorize any expenditure or commitment of funds hereunder which would reduce the balance in the education and recovery account to an amount less than five hundred thousand dollars (\$500,000.00); or
 - (b) Preclude the expenditure or commitment of funds specifically appropriated by the General Assembly for any purpose.

Authority: T.C.A. §§62-13-103 and 62-13-208. **Administrative History:** Original rule filed April 30, 1987; effective June 14, 1987.

1260-1-.12 FEES. The following fees shall apply:

- (1) For each examination, a fee to be paid to the testing vendor as set by state contract;
- (2) For the issuance of an original license, a fee to be paid to the Commission of one hundred dollars (\$100.00);
- (3) For each renewal of a license, a fee to be paid to the Commission of eighty dollars (\$80.00);
- (4) A fee to be paid to the Commission for the following:
 - (a) Change of firm address, fifty dollars (\$50.00);
 - (b) Change of Principal Broker, twenty-five dollars (\$25.00);
 - (c) Transfer of affiliation or transfer in or out of retirement status, twenty-five dollars (\$25.00);
 - (d) Commission manual, ten dollars (\$10.00);
 - (e) Certified copies, one dollar (\$1.00) per page;
 - (f) Copies, twenty-five cents (\$.25) per page;
 - (g) Printouts of licensee information, charges will be based upon the cost of producing said printout;
 - (h) Certification of licensure, twenty-five dollars (\$25.00);
 - (i) Printouts of licensee continuing education, ten dollars (\$10.00);
 - (j) Change of name, ten dollars (\$10.00);
 - (k) Duplicate license, ten dollars (\$10.00);
 - (l) Bad Checks must be made good within five (5) days after the licensee is notified. Any bad check not made good within sixty (60) days of the notification will be subject to a one hundred dollar (\$100.00) fee for collection.

(Rule 1260-1-.12, continued)

- (5) A penalty fee of fifty dollars (\$50.00) per month, or portion thereof, for failing to timely renew a license if the licensee reinstates the license within the sixty (60) day time frame set forth in T. C. A. §62-13-319(a); provided however, the Commission shall have the discretion to waive or lower said fee for good cause shown.

Authority: T.C.A. §§62-13-203, 62-13-307, 62-13-308, and 62-13-319. **Administrative History:** Original rule filed July 14, 1989; effective August 28, 1989. Amendment filed June 17, 1991; effective August 11, 1991. Amendment filed October 1, 1998; effective December 15, 1998. Amendment filed December 8, 1999; effective February 21, 2000. Amendment filed December 3, 2007; effective February 16, 2008.

1260-1-.13 REPEALED.

Authority: T.C.A. §62-13-304(a). **Administrative History:** Original rule filed August 16, 1989; effective September 30, 1989. Repeal filed March 24, 1994; effective June 7, 1994.

1260-1-.14 FILING OF DOCUMENTS

When documents are remitted to the office of the Tennessee Real Estate Commission by mail for filing, the date of filing shall be determined by the official postmark on such mail. Documents submitted by hand-delivery shall not be considered filed if received after the Commission office hours of the date of any applicable deadline.

Authority: T.C.A. §62-13-203. **Administrative History:** Original rule filed September 13, 1989; effective October 28, 1989.

1260-1-.15 ERRORS AND OMISSIONS INSURANCE COVERAGE

It shall be a requirement for an active licensee to carry errors and omissions insurance to cover all activities contemplated under the Tennessee Real Estate Broker License Act unless the Commission is unable to obtain coverage pursuant to T.C.A. §62-13-112(g) which would void the requirement of coverage under the applicable contract period.

- (1) A licensee who places his license in an inactive or retired status is not required to carry errors and omissions insurance until such time as his license is activated.
- (2) New licensees, licensees who activate their license from an inactive or retired status, and licensees who reinstate their license from an expired status at a time other than the beginning of the licensing period shall pay a prorated premium in accordance with a schedule provided by the insurance provider.
- (3) The Commission shall perform random audits to assure that licensees have met the requirements of this rule.
- (4) Any independently obtained errors and omissions insurance policy shall, at a minimum, be issued upon the same terms and conditions as the policy obtained by the Tennessee Real Estate Commission pursuant to T.C.A. § 62-13-112, including, but not limited to, the limits of coverage, the permissible deductible, the permissible exemptions and the term of the policy.

Authority: T.C.A. §§62-13-203 and 62-13-212. **Administrative History:** Original rule filed October 15, 1990; effective November 29, 1990. Amendment filed October 1, 1998; effective December 15, 1998. Amendment filed December 3, 2007; effective February 16, 2008.